



VCREDIT Holdings Limited
Investor Presentation

March 2023

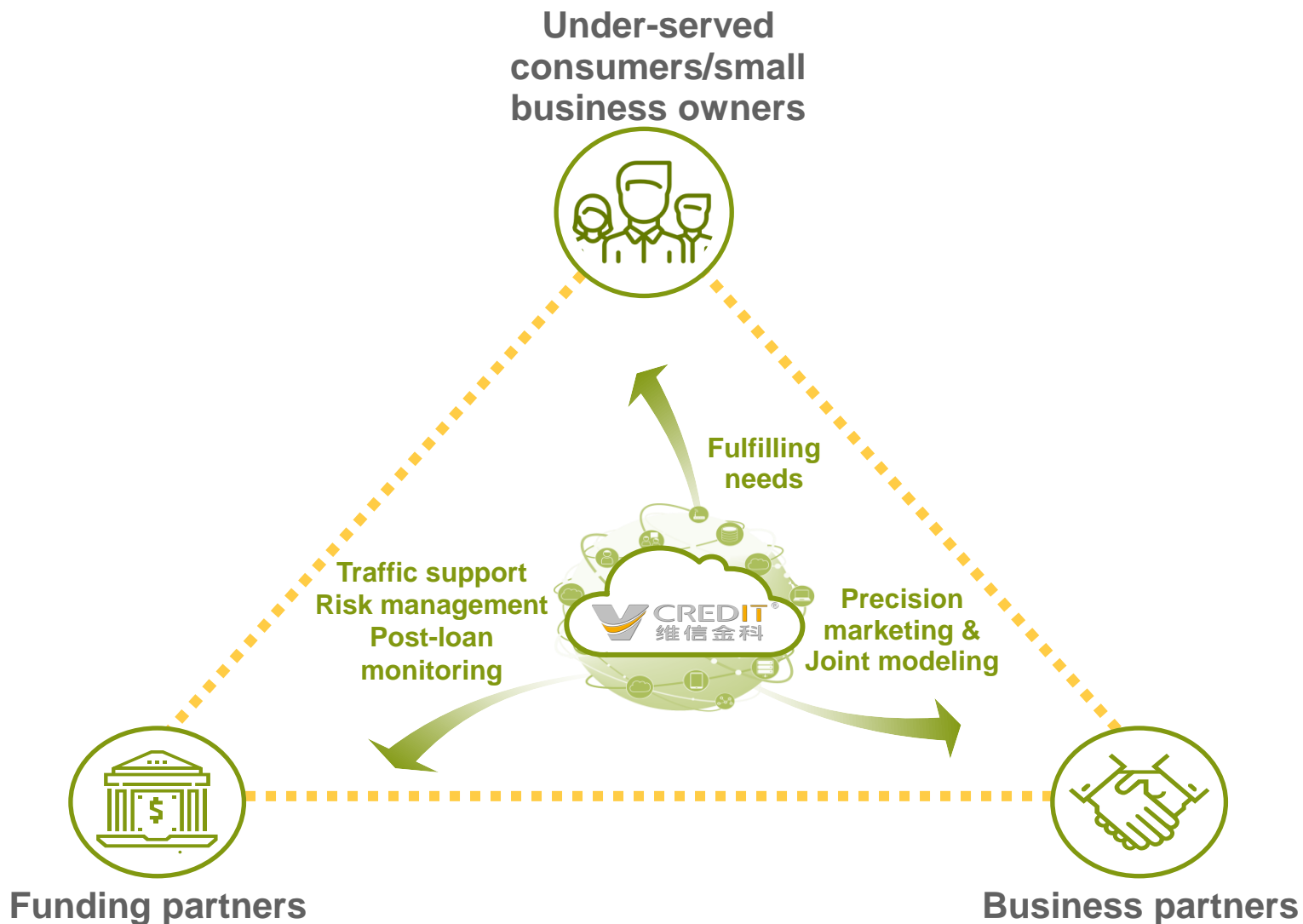
- 1 Corporate Vision**
- 2 Market Overview**
- 3 Company Strategy and Drivers of Profitability & Growth**
- 4 2022 Annual Results Overview**
- 5 Key Management**
- 6 Strategic Initiatives**



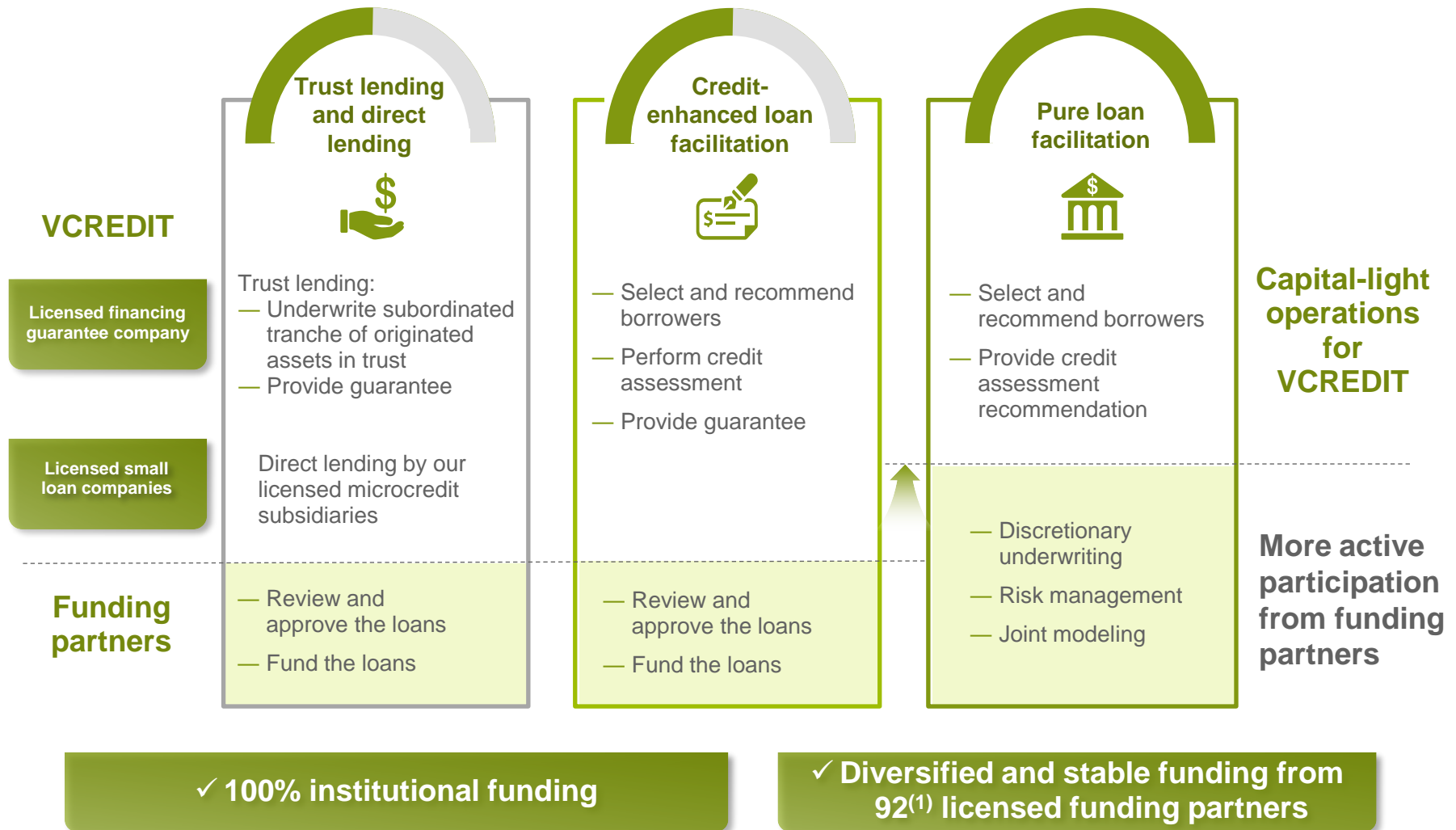
Corporate Vision

A leading credit platform for underserved consumers and SMEs

Differentiated value propositions to borrowers and partners



Diversified funding structure



Notes:

(1) As of Dec 31, 2022

(2) Two wholly-owned online small loan companies which are allowed to do nationwide business

Continuous growing with diversified funding sources

Loan origination volume

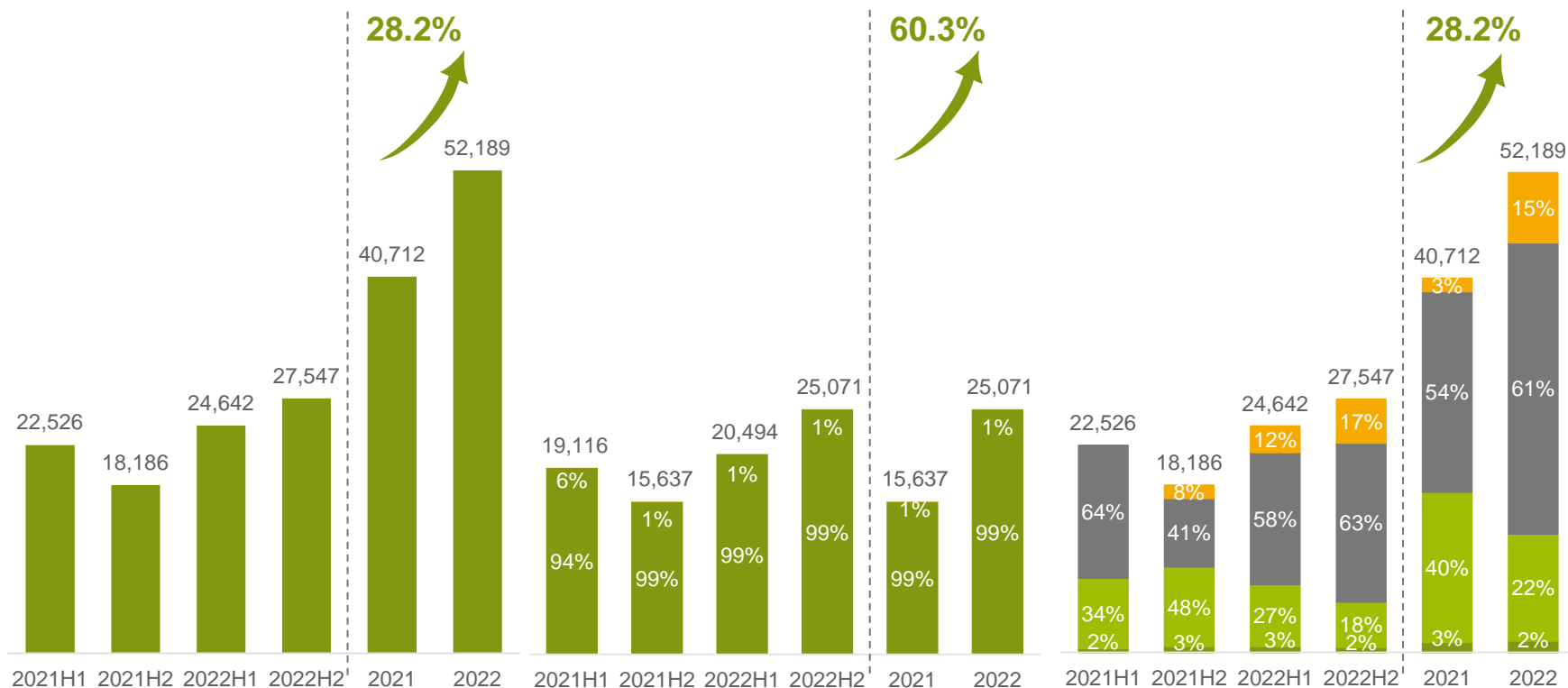
(RMB mn)

Outstanding balance

(RMB mn)

Funding structure

(RMB mn)



■ Online Consumption Products

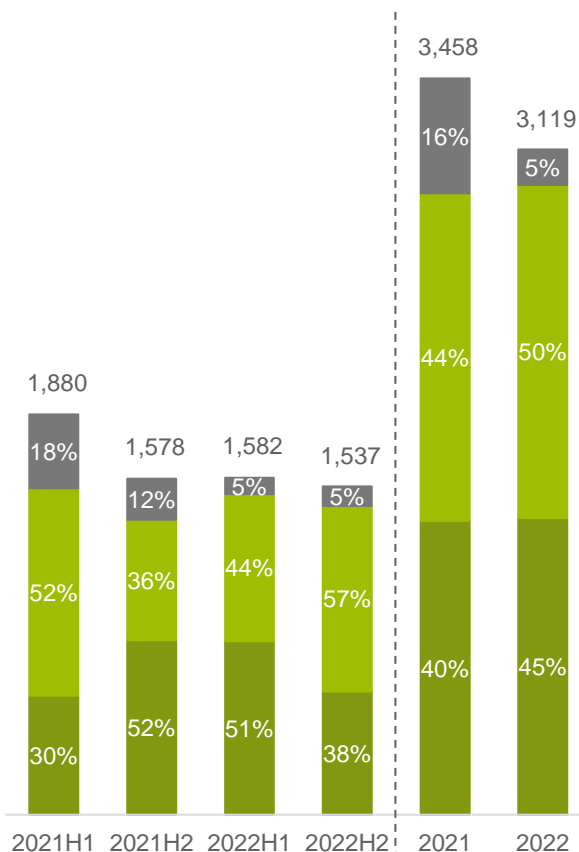
■ Online Consumption Products
 ■ Online-to-Offline Credit Products

■ Direct Lending
 ■ Trust Lending
 ■ Credit-Enhanced Loan Facilitation
 ■ Pure Loan Facilitation

Remain profitable amid challenging environment

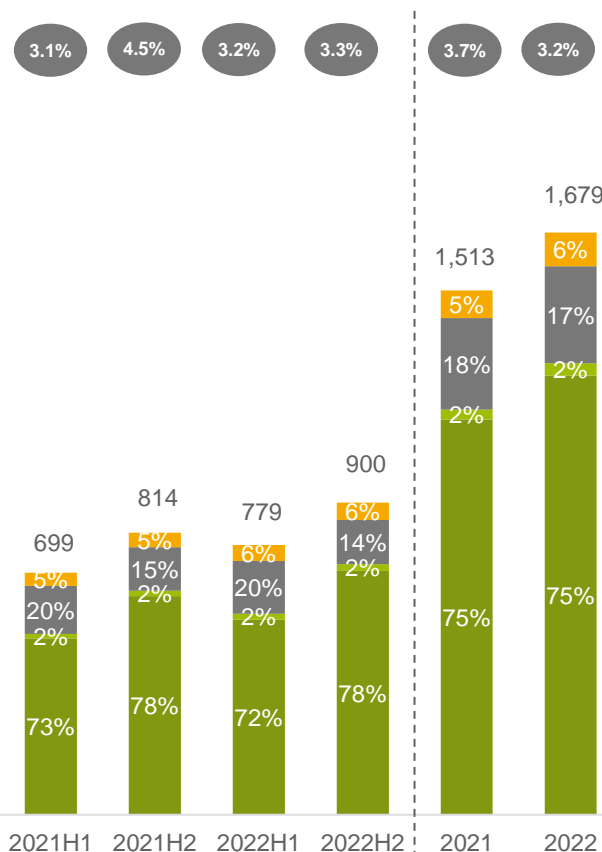
Income breakdown

(RMB mn)



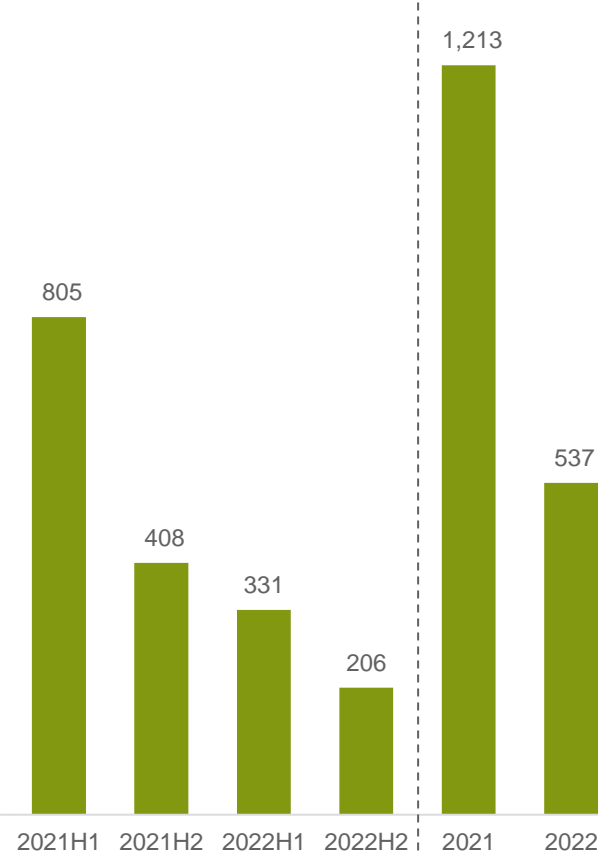
Adjusted OPEX breakdown⁽¹⁾

(RMB mn) %:as percentage of total loan origination volume



Adjusted net profit⁽²⁾

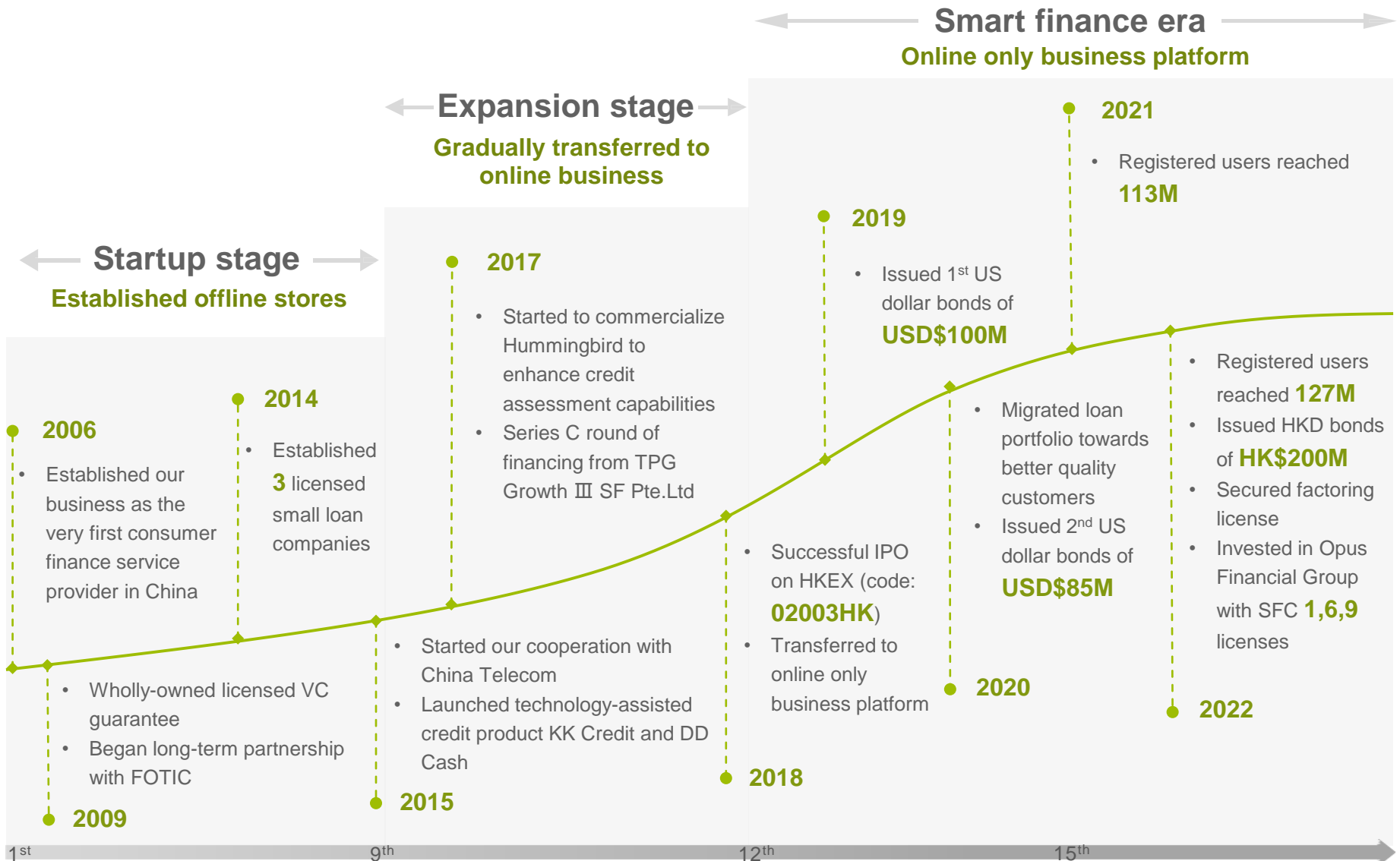
(RMB mn)



- Other Income
- Loan Facilitation Service Fees
- Net Interest Type Income
- Research and Development
- General and Administrative
- Sales and Marketing
- Origination and Servicing

Notes:
 (1) Adjusted operating expenses are calculated by excluding share-based compensation expenses from operating expenses.
 (2) Adjusted net profit is defined as net profit excluding share-based compensation expenses.

Our history and key milestones



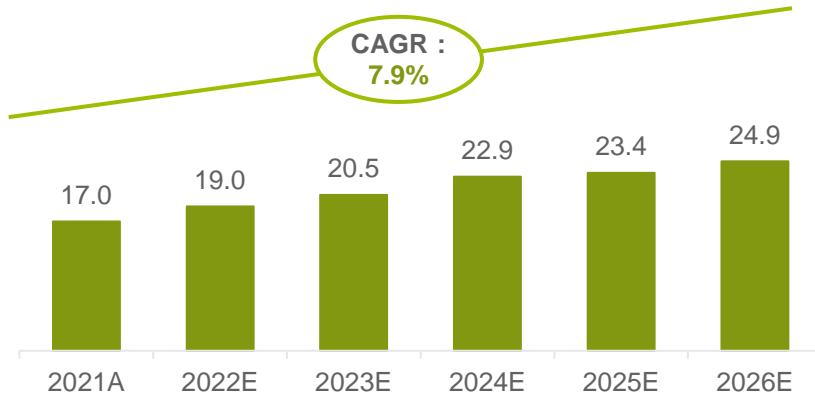


Market Overview

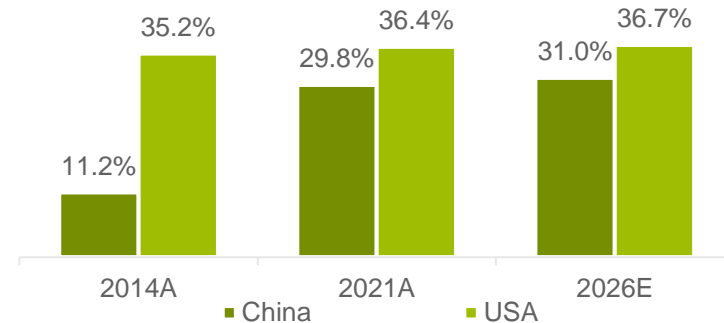
Large and addressable consumer finance market

China's consumer loan balance⁽¹⁾

(RMB tn)



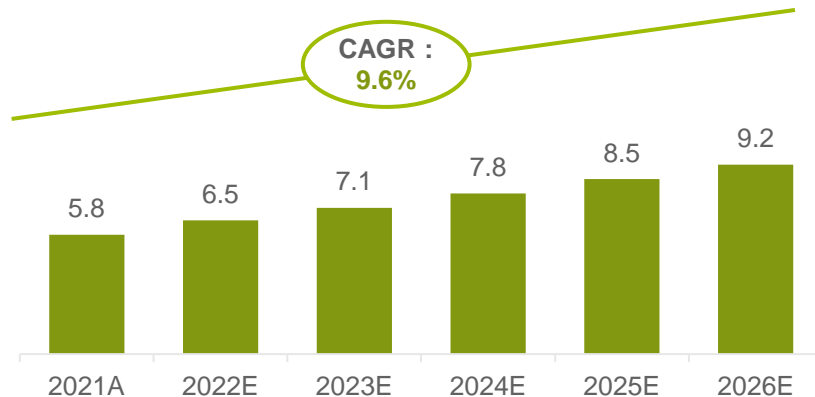
Penetration rate of consumer credit ⁽¹⁾⁽²⁾⁽³⁾



In 2021, consumer loan balance in China reached to RMB17.0tn, while it reached to USD4.43tn⁽¹⁾ in USA

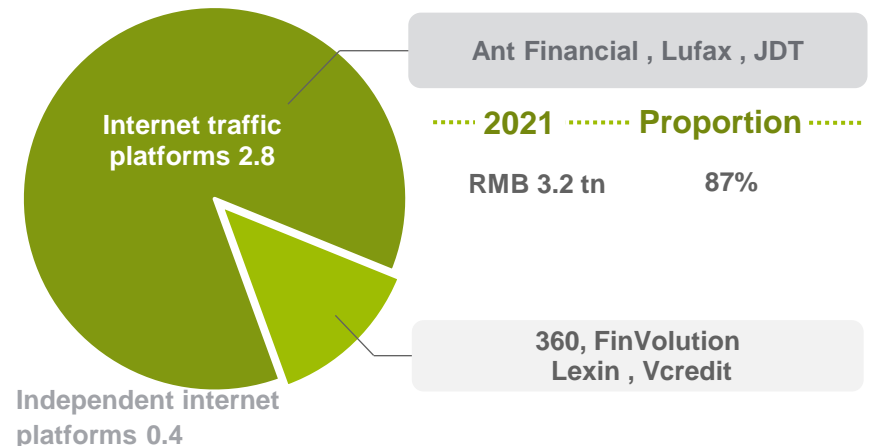
China's online consumer credit market⁽¹⁾

(RMB tn)



Online consumer credit | digital financial platform in 2021

(RMB tn)



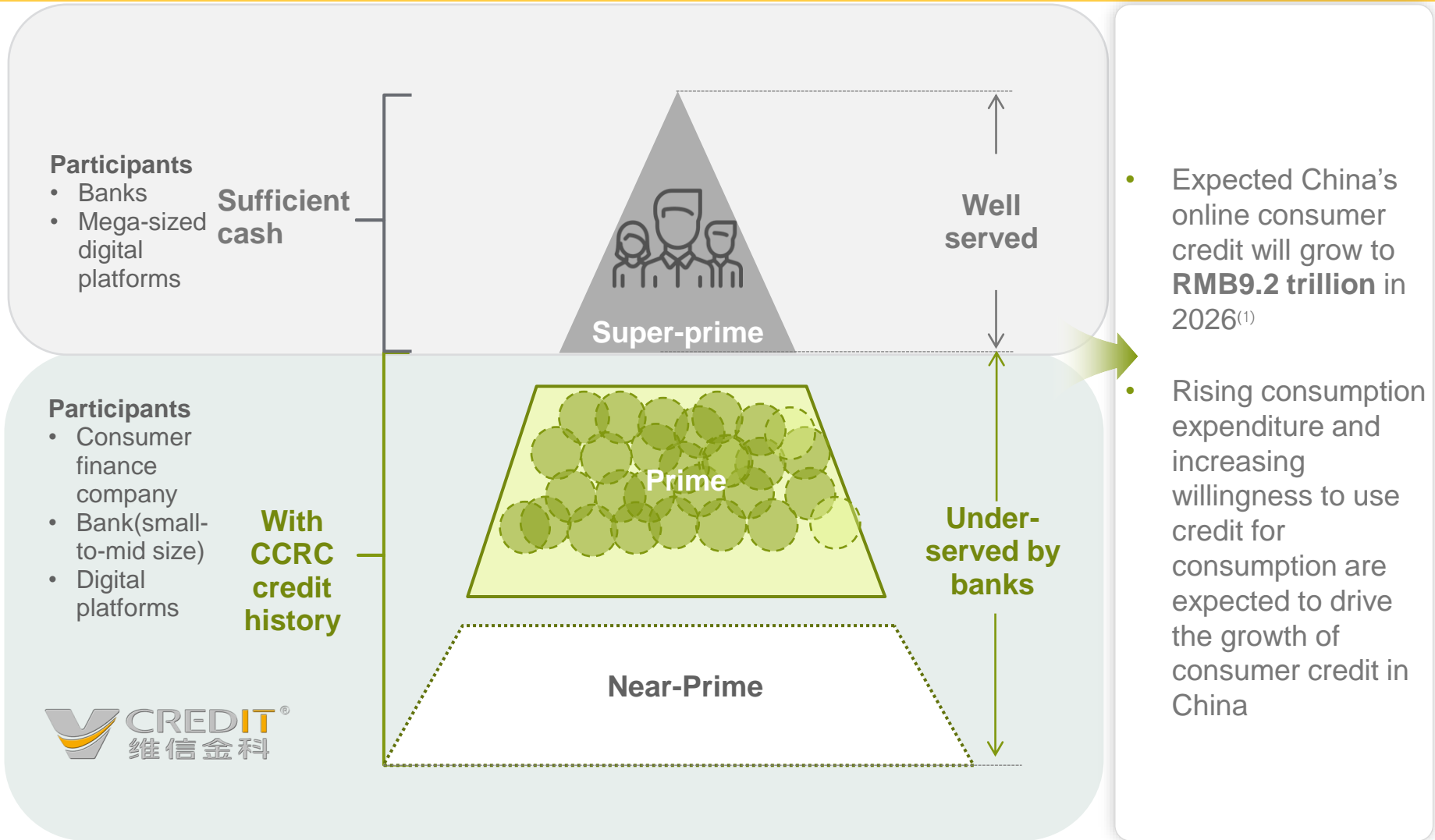
Notes:

(1) Source: iResearch Inc., updated on April 2022; Wind, updated on August 2022

(2) Penetration rate of consumer credit in China = Consumer loan balance in China / Total Retail Sales of Consumer Goods in China

(3) Penetration rate of consumer credit in USA = Consumer loan balance in USA / The scale of Personal Consumption Expenditure in USA

Market positioning and opportunities



Note:
(1) Source: iResearch Inc.

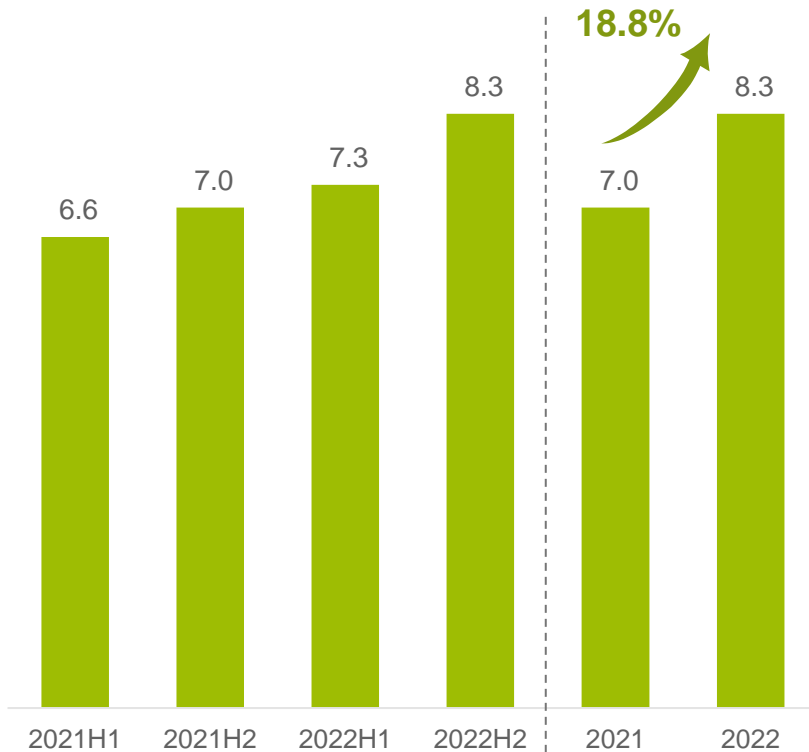


Company Strategy and Drivers of Profitability & Growth

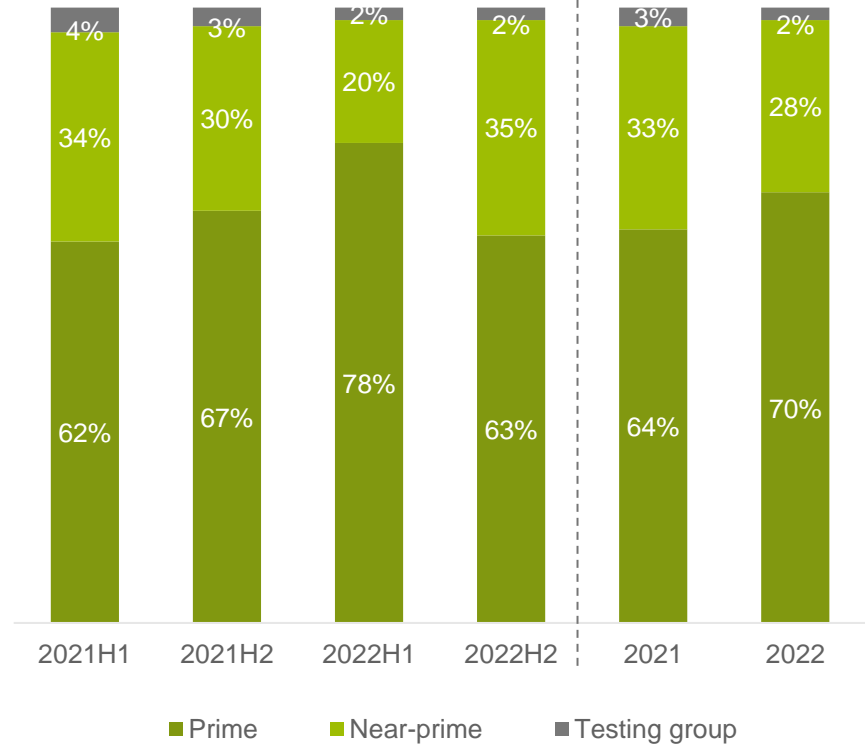
Migration towards higher quality customers

Cumulative borrowers ⁽¹⁾

(mn)



Loan volume by customer type

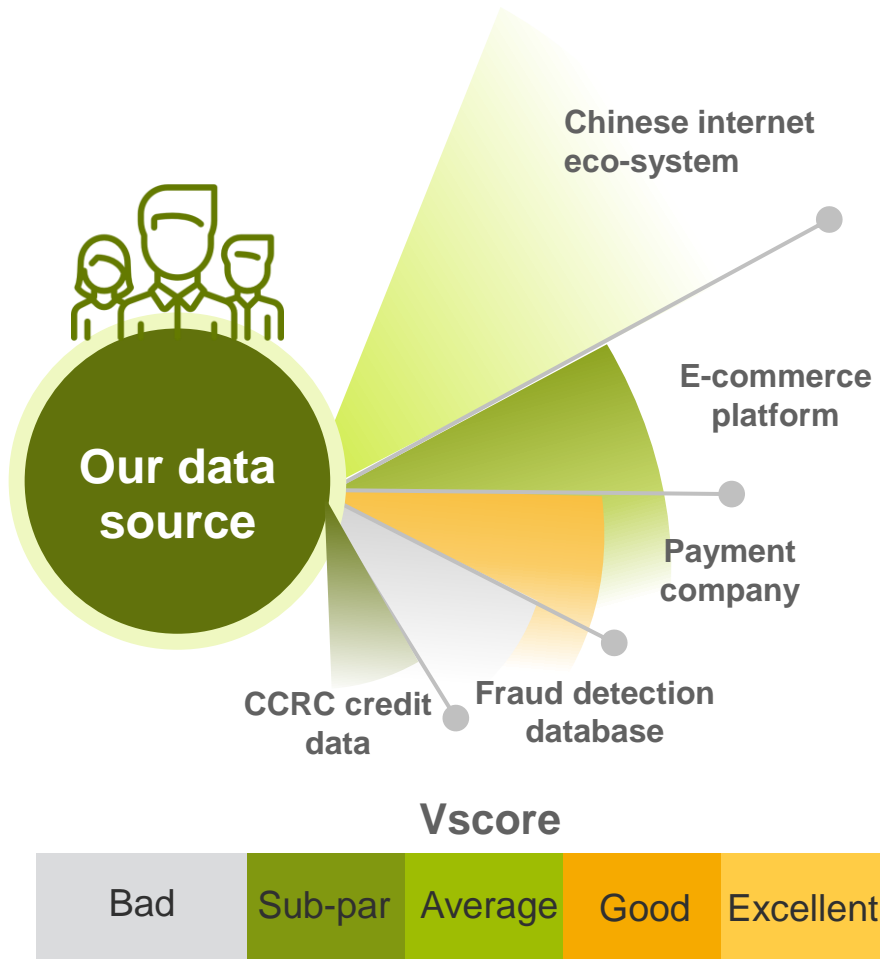


We saw steady growth in the number of our borrowers

We continued to improve overall quality of our borrowers

Note:

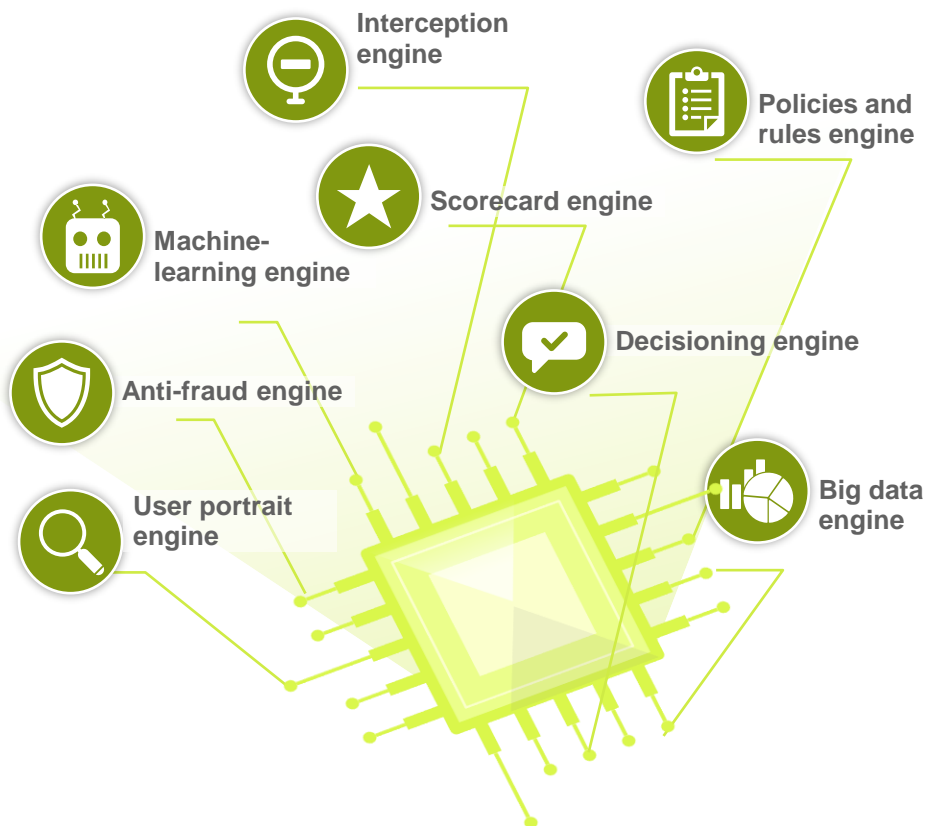
(1) Represent the total number of customers who made at least one transaction at the end of each period



Our strategy

- Implementing new generation of multi-source scorecards with excellent **risk splitting power**
- Enhancing customer experience and driving **sustainable growth**
- Aiming to acquire more credit-worthy customers and aligning with **regulatory pricing cap**

Robust credit risk management capability enhanced by cutting-edge technology



24/7 Fully automated transaction process enabled by **'Smart lending' technology**

90+ data sources

20+ unique scorecards

100% online customer acquisition

84% repeat borrowing rate⁽¹⁾

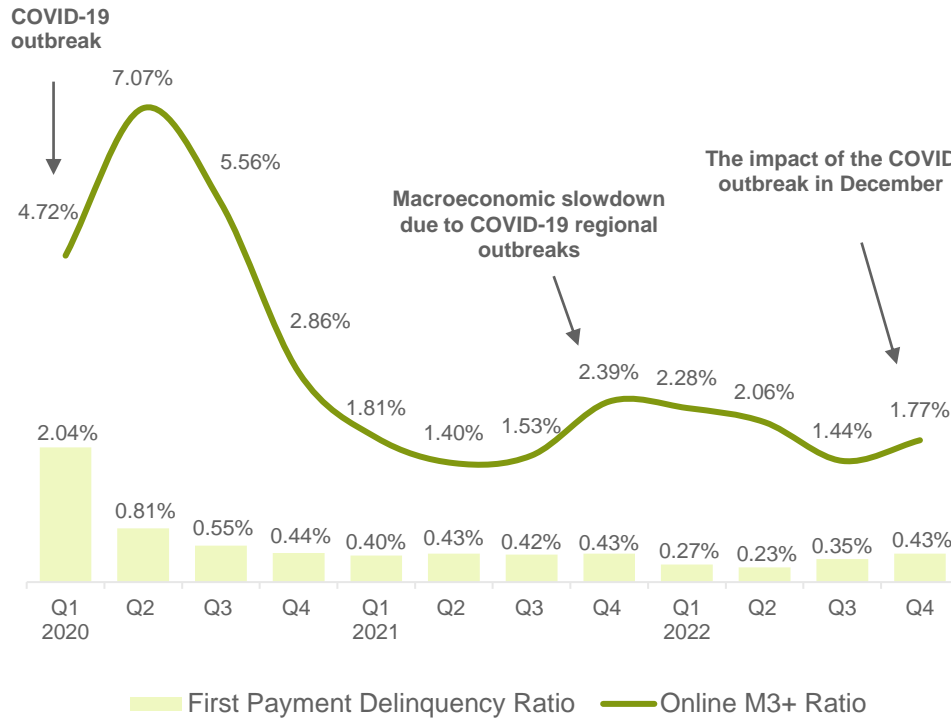
Robust risk management enabled by our advanced technology

Note:

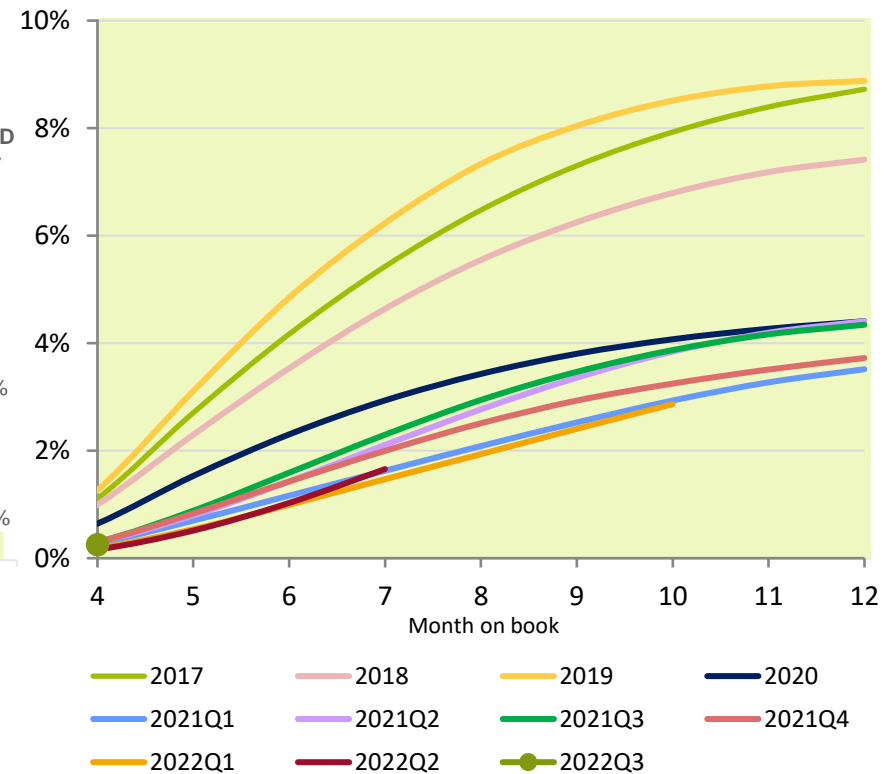
(1) Represent the percentage of loan volume generated by existing borrowers who have successfully borrowed on our platform before

Stable asset quality

First payment delinquency ratio⁽¹⁾ & M3+ ratio⁽²⁾



Vintage based M3+ delinquency ratio⁽³⁾



Our asset quality indicators remained relatively stable

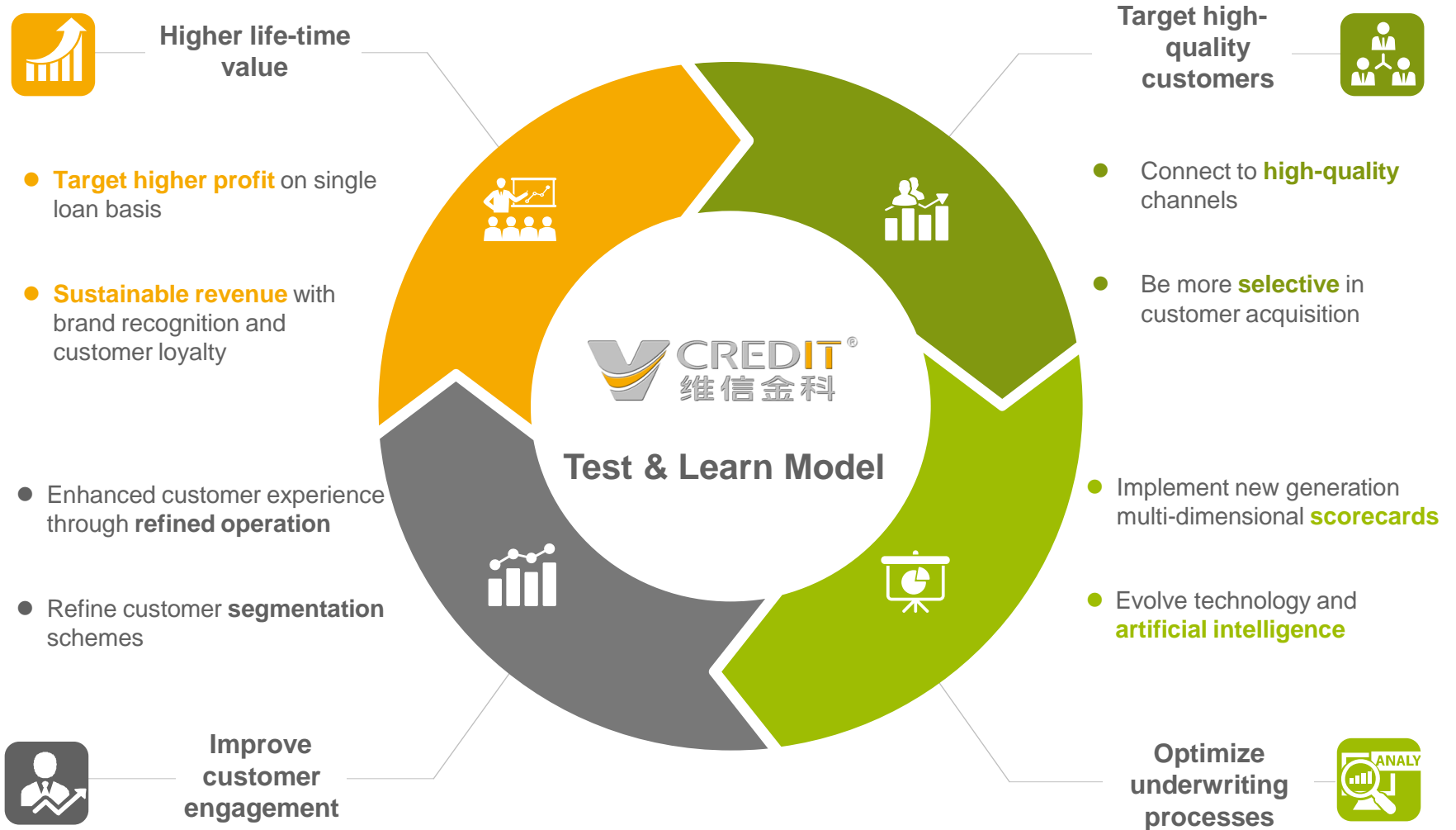
Notes:

(1) First payment delinquency ratio is defined as the total balance of outstanding principal amount of the loans we originated in the applicable period that were delinquent on their first payment month and were not recovered within the 5-day period directly after first payment month divided by the aggregate loan origination volume in that period

(2) M3+ ratio is calculated by dividing the outstanding balance of loans to customers excluding offline credit products which have been delinquent for more than 3 months and have not been written off by the total outstanding balance of loans to customers excluding offline credit products

(3) Vintage based M3+ delinquency ratio is defined as the total amount of principal for the online loans in a vintage that have become delinquent for more than 3 months, less the total amount of recovered past due principal, and then divided by the total amount of initial principal for loans in such vintage excluding offline credit products

We continue to target customer life-time value higher





2022 Annual Results Overview

- **Achieved a stable performance and sustainable business growth in 2022**

with the record high loan originations against the headwinds from COVID-19 pandemic and fluctuating macro-environment
- **Drivers of business growth:**
 - Improved new customer acquisition (Volume Growth Rate ~30% y-o-y)
 - Continues to shift to better-quality customers
 - Manageable asset quality amid challenging environment

2022 Annual results overview (cont'd)

RMB mn	2022	2021	Change	2022H2	2021H2	Change
Total income	3,119	3,458	-9.8%	1,537	1,578	-2.6%
Net interest type income	1,393	1,380	0.9%	578	820	-29.4%
Loan facilitation service fees	1,564	1,540	1.6%	872	567	53.9%
Other income	162	538	-69.9%	87	191	-55.0%
Operating profit	695	1,514	-54.1%	265	505	-47.6%
Adjusted operating profit⁽¹⁾	700	1,547	-54.7%	266	511	-47.9%
Net profit	532	1,179	-54.8%	205	402	-49.1%
Adjusted net profit⁽¹⁾	537	1,213	-55.7%	206	408	-49.5%

Key Ratios

Adjusted net profit / loan volume	1.0%	3.0%	-2.0	0.7%	2.2%	-1.5
Risk-bearing outstanding loan balance / shareholders' equity ⁽²⁾	5.5x	4.3x	1.2x	5.5x	4.3x	1.2x
Adjusted net profit / average shareholders' equity ⁽³⁾	14.9%	42.7%	-27.8	5.5%	12.6%	-7.1

Note:

(1) Adjusted operating profit and Adjusted net profit are defined as profit excluding share-based compensation expenses of RMB5 mn in 2022 and RMB33 mn in 2021 (2022H2: RMB1 mn, 2021H2: RMB6 mn).

(2) Risk-bearing outstanding loan balance / shareholders' equity is calculated by dividing the risk-bearing outstanding loan balance at the end of the year/period, by shareholders' equity.

(3) Adjusted net profit / average shareholders' equity is calculated by dividing adjusted net profit, by average of annual/semi-annual balance of shareholders' equity.

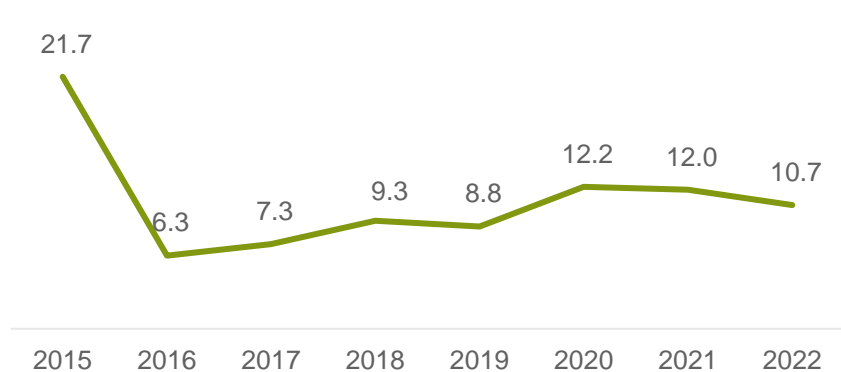
Operating performance overview

Key operating metrics

	2021	2022
Cumulative registered users	112.5mn	126.8mn
Cumulative verified users	80.8mn	95.1mn
Cumulative borrowers ⁽¹⁾	7.0mn	8.3mn
Average ticket size	12.0k	10.7k
Average loan tenure	9.4 months	10.3 months

Average ticket size

(RMB k)

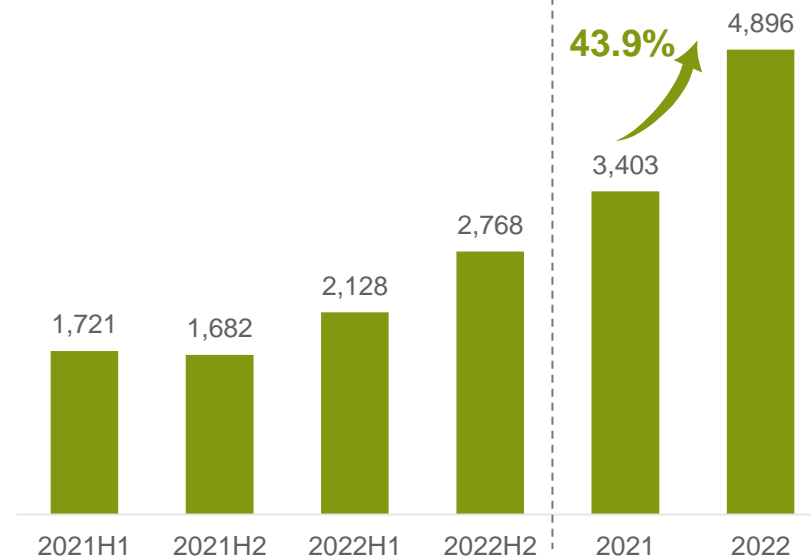


Note:

(1) Represent the total number of customers who made at least one transaction at the end of each period

No. of transaction of online consumption products

(K)



Average loan tenure

(Months)





Key Management

Experienced and stable management team leading cohesive talent development

Lawrence Ma
Founder, Chairman

Lan Xue
General Manager

Ray Yu
CMO

Stephen Liu
Founder, CEO

Jiafang Jin
CSO

Hongzhe Shi
CTO

Thomas Liu
COO

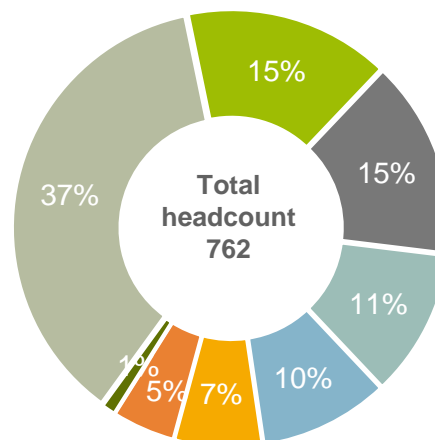
Ethan Gong
CRO

Hong Bai
CFO

Credit-risk centric

Adaptive to regulatory environment

- IT
- Post-loan service
- Back office ⁽¹⁾
- Products and marketing
- Strategy and risk control
- Innovation business
- Customer services
- Senior managements



Technology-driven efficiency

Institutional mindset

Note:
(1) Back office includes finance department, internal control department, admin department, HR department and PR department

Dividend

Time	Dividend	per Share
2021 Interim	Regular	HK 10 cents
	Special	HK 10 cents
2021 Final	Regular	HK 15 cents
2022 Interim	Regular	HK 10 cents
2022 Final (Recommended by Board)	Regular	HK 10 cents



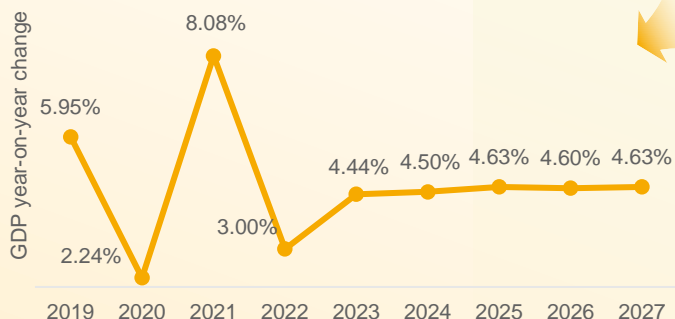
Strategic Initiatives

We are well positioned to keep growing core business

Chinese economy

- Chinese economy is expected to maintain a stable growth rate

Growth rate of GDP in China from 2019 with forecasts until 2027⁽¹⁾



Borrowing demand

Proprietary data demand

- Long history in retail lending business
- Sufficient customer attributes
- Effective score card

Comprehensive services

- More efficient borrower acquisition through more selective channels
- Comprehensive services including pre-loan and post-loan services

“Smart lending”

Customized product

Existing/potential funding partners will need our service in the foreseeable future

Funding partner demand

Risk management demand

- Funding partners can enhance their risk management system with our credit assessment technologies

Borrowing demand

- Borrowing demand through our APP will keep increasing steadily
- Borrowing demand of overseas enterprises increased from the continuous growth of economic scale

Note:
(1) Source: Statista, updated on Jan 2023